

DISCLAIMER

This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 19, 2000

APPLICATION OF

NATIONAL COUNCIL ON COMPENSATION
INSURANCE, INC.

CASE NO. INS000160

For revision of voluntary
loss costs and assigned risk
workers' compensation
insurance rates

FINAL ORDER

THE APPLICATION in this proceeding was heard by the Commission on November 8, 2000. The National Council on Compensation Insurance, Inc. (NCCI), the Commission's Bureau of Insurance (BOI), the Division of Consumer Counsel of the Office of the Attorney General of Virginia (OAG) and intervenors Washington Construction Employers Association and the Iron Workers Employers Association (intervenors) appeared before the Commission by their counsel.

NOW, ON THIS DAY, having considered the record herein, together with the post-hearing briefs of counsel, the Commission is of the opinion, finds and ORDERS:

(1) That the profit and contingency factor of - 8.62 proposed by NCCI be, and it is hereby, disapproved; and, in lieu thereof, a factor of - 8.41 shall be employed;

(2) That, as agreed by NCCI and BOI, no data need be updated by NCCI for the purpose of determining loss costs and rate level revisions unless such updating of data results in a change of at least plus or minus one-half of one percent to the profit and contingency factor;

(3) That the provision of 6.5% of involuntary market premium proposed for NCCI administrative expenses, comprised of: (i) NCCI internal plan and pool expenses [5.0%] and (ii) plan and pool expenses for outside services [1.5%] be, and it is hereby, disapproved; and, in lieu thereof, and until further order of the Commission, the involuntary administrative expense provision shall be 5% plus the involuntary market's proportional share of any difference between said 5% provision and the most recent five year average of such expenses or the most recent five year average of such expenses, whichever is the lesser.

(4) That, based upon the suggestion of the intervenors in their post-hearing brief concerning a less complicated Virginia Contracting Classification Premium Adjustment Program (VCCPAP) description and the inclusion therein of the "average hourly wage" for each policy year as is apparently done in Maryland, the Commission finds merit therein and urges NCCI to consider the same for use in Virginia.

(5) That the Commission encourages the working group, consisting of representative of NCCI, BOI, OAG and any other

interested parties, to continue to meet and seek consensus to the extent possible concerning methodological and other issues of concern to members of the working group.

(6) That NCCI and any other persons participating in future voluntary loss costs and assigned risk rate applications before the Commission, when proposing methodologies or data sources that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rates and/or rating values are based, shall be required to disclose the voluntary loss cost, or assigned risk rate or rating values effect of the change employing both the methodology it proposes to replace as well as the newly proposed methodology;

(7) That, in accordance with the adjustments ordered herein, NCCI shall revise its voluntary loss costs and assigned risk rates as follows: (i) an increase of 2.2% in industrial class voluntary loss costs; (ii) a decrease of 14.6% in "F" class voluntary loss costs; (iii) an increase of 23.3% in underground coal mines voluntary loss costs; (iv) an increase of 13.5% in surface coal mines voluntary loss costs; (v) an increase of 8.1% in industrial class assigned risk rates; (vi) an increase of 12.5% in "F" class assigned risk rates; (vii) an increase of 18.0% in underground coal mines assigned risk rates;

and (viii) an increase of 18.1% in surface coal mines assigned risk rates; and

(8) That, except as otherwise ordered herein, the proposed revisions to voluntary loss costs, assigned risk rates, minimum premiums, rating values, rules, regulations and procedures for writing workers' compensation voluntary loss costs and assigned risk rates that have been filed by NCCI in this proceeding on behalf of its members and subscribers shall be, and they are hereby, APPROVED for use with respect to new and renewal business issued to be effective on and after April 1, 2001.

(9) That NCCI, BOI, OAG and the intervenors in this proceeding make their best efforts to recommend jointly to the Commission, on or before May 1, 2001, a proposed schedule for any year 2001 voluntary loss cost/assigned risk rate revision proceeding before the Commission. Such proposed schedule shall address: (i) the "pre-filing" of any discovery requests by BOI, OAG and any other parties; (ii) the date on which NCCI proposes to file with the Commission any voluntary loss cost/rate revision application and its direct testimony; (iii) the date on which NCCI proposes to respond to such pre-filed discovery requests; (iv) the dates for the pre-filing of the direct testimony of BOI, OAG and any protestants and the rebuttal testimony of NCCI; and (v) the date of any proposed hearing before the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Charles H. Tenser, Esquire, National Council on Compensation Insurance, 750 Park of Commerce Drive, Boca Raton, Florida 33487; James L. Crumel, Director, National Council on Compensation Insurance, 106 College Avenue, Suite 1200, Tallahassee, Florida 32301; Mary Ann Link, Chief, Virginia Workers' Compensation Insurance Company, 1000 DMV Drive, Richmond, Virginia 23220; Martha Brissette, Esquire, Office of Attorney General, Division of Consumer Counsel, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; Fred Coddington, Esquire, P.O. Box 225, Fairfax, Virginia 22030; JoAnne L. Nolte, Esquire, Penn, Stuart & Eskridge, P.O. Box 617, Richmond, Virginia 23218-0617; and the Bureau of Insurance in care of Deputy Commissioner Mary M. Bannister.